

# Canterbury Museum Annual Plan

For the financial year  
1 July 2019 to 30 June 2020

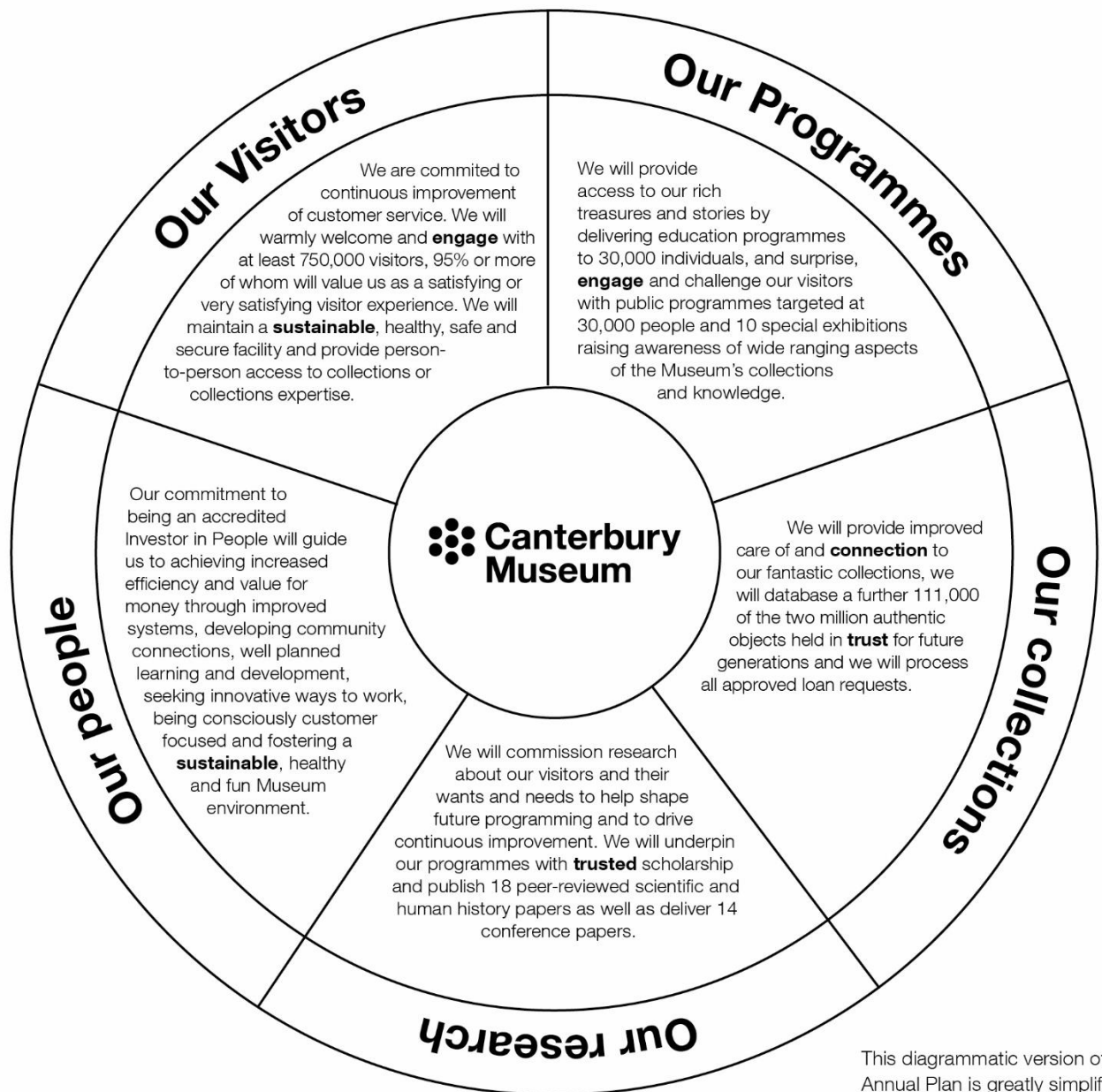
Adopted 10 June 2019

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# OUR CONTRACT – 2019/2020

We contract with our community to deliver these great things in return for our annual funding



This diagrammatic version of the Annual Plan is greatly simplified - detailed Performance Objectives and Targets appear in Section 3.

## Operating budget 2019/2020

<b>Revenue</b>	Levy	9,353,417
	Commercial activities	1,707,851
	Donations and grants	463,161
		<b>11,524,428</b>
<b>Expenses</b>	Employment remuneration	5,796,394
	Collections Registration & Curatorial	1,479,895
	Public Programmes	2,572,546
	Communications	327,038
	Depreciation	1,393,000
		<b>11,568,872</b>
<b>Net deficit from operating activities</b>		<b>(44,444)</b>

## **1. Introduction**

The Canterbury Museum Trust Board maintains, develops and operates the Canterbury Museum at Rolleston Avenue, Christchurch, New Zealand. The objectives of Canterbury Museum as expressed in the Canterbury Museum Trust Board Act 1993 are:

- To collect, preserve, act as a regional repository for, research, display and otherwise make available to the people of the present and future, material and information relating to the natural and cultural heritage of New Zealanders
- To promote interest and education in the natural and cultural heritage of New Zealanders
- To place particular emphasis on those activities as they relate to the greater Canterbury region, the Antarctic and Subantarctic, and where appropriate, their relationships in a wider global context.

In 2016 the Canterbury Museum Trust Board approved a Strategic Plan to be implemented through successive annual plans.

This Annual Plan presents the Board's operational and developmental priorities for the year 2019/20.

The Board acknowledges the ongoing major financial support of Christchurch City Council, Hurunui District Council, Selwyn District Council, Waimakariri District Council, the New Zealand Government, Mason Foundation, Marsden Fund, R S Allan Memorial Fund and Friends of the Canterbury Museum.

### **1.1 Executive summary**

Principal activities to be carried out by the Museum during 2019/20 appear in the Performance Objectives (Section 3) and are summarised below.

#### **Our visitors**

- Achieve visitor numbers of 750,000 and maintain a highly-rated visitor experience.
- Ensure visitors remain in a safe environment with no notifiable events.

#### **Our programmes**

- Develop, deliver and evaluate 10 special exhibitions, education programmes to 30,000 individuals and public programmes to 30,000 people.
- Maintain or increase current levels of activity in other operational areas, eg responding to enquiries, delivering lectures and field trips, publishing articles and participating in external organisations.

#### **Our collections**

- Expand the major task of computerised databasing and verification of all two million objects held by the Museum.
- Continue to make collections more accessible by adding records and images to Collections Online.

#### **Our research**

- Research and produce papers for the *Records of the Canterbury Museum* and other publications.
- Present research papers at conferences and continue to maintain adjunct positions in allied research institutions.

#### **Our people and working environment**

- Project-manage planning for The Museum Project and support development of Ravenscar House.
- Retain commitment to the Investors in People International Standard, and maintain our Platinum accreditation to the standard.

## **1.2 Canterbury Museum Vision and Values Statement**

### **Our Museum**

Celebrating Canterbury, discovering the world. For us and our children after us.

Waitaha-kōawa-rau, ka whakanuia; Te-ao-whānui, ka tūhuratia. Mā tātou ko ngā uri e whai ake nei

### **What we do Ko te wāhi ki a mātou**

Canterbury Museum acquires and cares for world-wide collections of human and natural history, with a focus on Canterbury and the Antarctic.

Access to these collections drives research, inspires learning and ignites imagination through stories that surprise and delight our visitors.

### **The principles we live by Ō Mātou Tikanga**

We ENGAGE positively with our visitors.

We work COLLABORATIVELY with each other and with our communities.

We are ACCOUNTABLE for what we do.

We always act with INTEGRITY.

### **1.3 The Museum organisation**

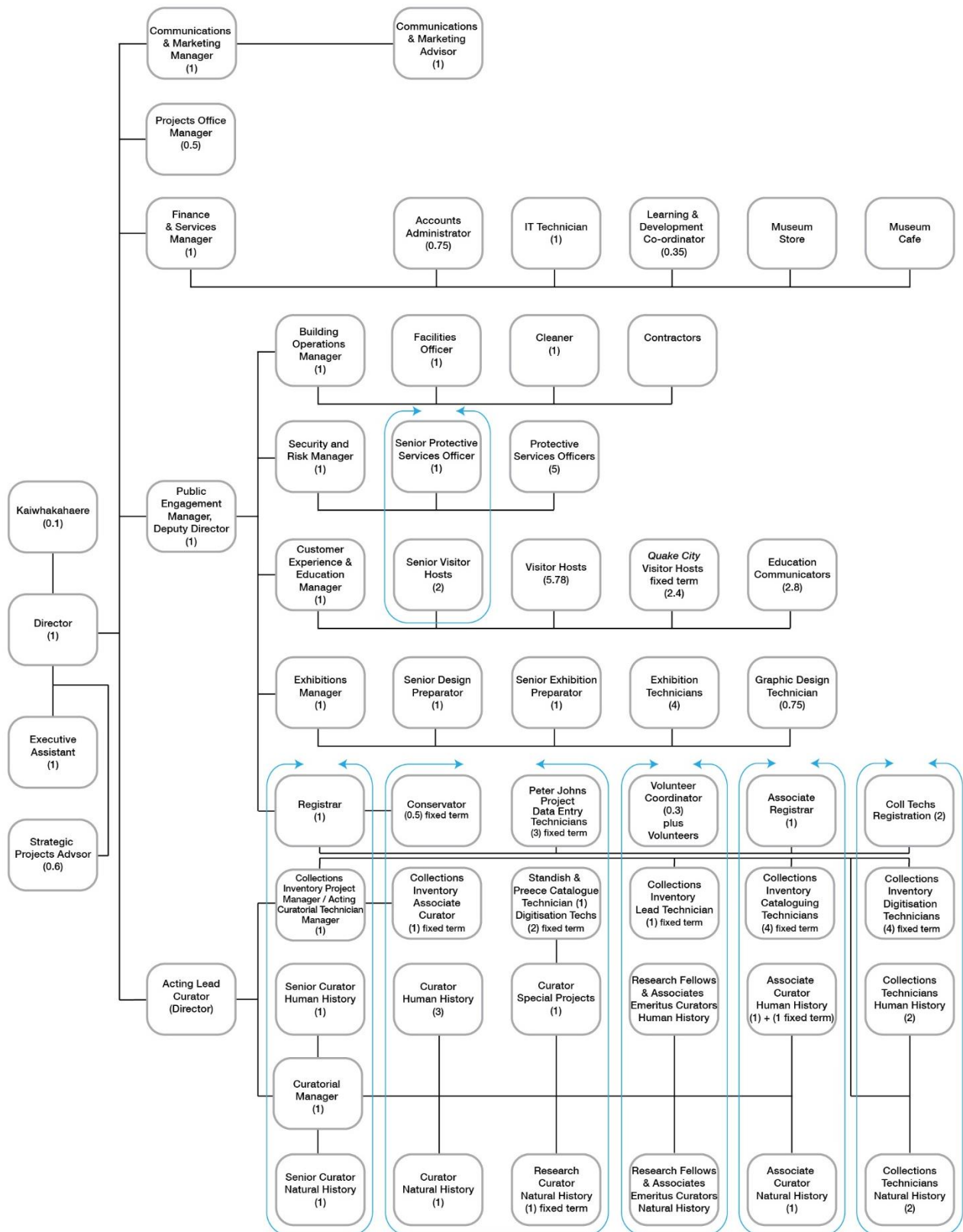
Canterbury Museum is governed by the Canterbury Museum Trust Board. The appointment of trustees and the Board's responsibilities are set out in the Canterbury Museum Trust Board Act 1993.

It is anticipated that at the beginning of the 2019/20 financial year there will be 80 full-time equivalent (FTE) establishment and fixed term staff:

Directorate	2.80
Communications, Projects Office and Finance & Services	5.60
Public Programmes	33.73
Collections Registration & Curatorial	38.30

Due to the high level of rostering in front-of-house positions the 80 FTE is represented by approximately 89 staff.

# organisational chart



## **1.5 Ravenscar House**

Mr Jim and Dr Susan Wakefield through the Ravenscar Trust are building a permanent house with a focus on New Zealand fine arts, sculpture, decorative arts, and designer furniture and classical antiquities at 52 Rolleston Avenue and will gift it to the people of Christchurch through Canterbury Museum. The gifting of the house complies with the objectives of the Canterbury Museum to:

- collect, preserve, act as a regional repository for, research, display and otherwise make available to the people of the present and future, material and information relating to the natural and cultural heritage of New Zealanders; and
- promote interest and education in the natural and cultural heritage of New Zealanders.

Canterbury Museum has a strong design theme in its collections and programming and will benefit from a purpose-built facility in which to exhibit and promote these in the future. The development will be an additional facility for the Museum and will enhance and complement any future redevelopment of parts of the Museum's current site.

The Christchurch City Council has gifted the 2,450 sq. metre site at Rolleston Avenue to the Museum subject to resource consents and construction within five years of the transfer.

The Museum has agreed to contribute \$1m to the capital costs of the development.

The Ravenscar House will be largely self-financing through ticketed entry, car parking revenue and other income. The Museum will support the operation from its existing staff and resources.

The Ravenscar Trust started construction in early 2019 with the building opening to the public in 2020/21.



## **2. Requirements of the Canterbury Museum Trust Board Act 1993**

Section 15 of the Canterbury Museum Trust Board Act 1993 requires that:

- (1) The Board shall prepare and adopt, for each financial year ending with 30 June, an annual plan which outlines:
  - (a) In particular terms for the financial year in which the plan is adopted and in general terms for each of the following two financial years:
    - (i) The intended significant policies and objectives of the Board  
These are outlined in Sections 1 and 5. A detailed Operating (Policy and Procedures) Manual is available for inspection at the office of the Director.
    - (ii) The nature and scope of significant activities to be undertaken  
These are outlined in Section 3.
    - (iii) Performance objectives together with performance targets and other measures by which performance may be judged in relation to the objectives  
These are set out in Section 3.
  - (b) In particular terms for the financial year in which the report is adopted, and in general terms for each of the following two financial years, in total and for each significant activity of the Board:
    - (i) The indicative costs, including an allowance for depreciation of plant  
These are set out in Section 4.
    - (ii) The sources of funds and the amount of any proposed levies  
These are set out in Section 4.
- (2) The plan shall include an explanation of any significant changes between policies, objectives and activities, and performance targets specified in the plan as being those for the financial year in which the plan is adopted and those specified in the plan for the immediately preceding financial year as being those for the financial year in which the plan is adopted.

There are no significant changes between the objectives, activities and performance targets specified in the plan as between those in this 2019/20 financial year and those for the immediately preceding 2018/19 financial year. The Museum will continue to fulfil the current year (2018/19) objectives.

- (3) The draft annual plan shall be referred to contributing authorities for a period of six weeks concluding no later than 31 May in each year or such earlier date as agreed by mutual consultation with contributing authorities.

This draft annual plan was referred to the contributing Local Authorities for a period of six weeks from Friday 15 March 2019 concluding on Friday 26 April 2019.

- (4) The Board shall consider all submissions received in respect of the draft annual plan and amend it as considered appropriate prior to adoption by the Board no later than two weeks following the period referred to in subsection (3) of section 15.
- (5) A copy of the annual plan, when adopted, shall forthwith be sent to each contributing local authority.

Section 16 of the Canterbury Museum Trust Board Act 1993 requires that:

- (1) The levies proposed in the draft annual plan shall be deemed to have been approved by all contributing authorities and binding on them once the annual plan is adopted unless either the Christchurch City Council or 2 or more of the remaining contributing authorities give notice in writing objecting to the levies proposed therein during the period referred to in section 15(3).
- (2) Within 14 days of the receipt of such notice, the Board shall convene a meeting of all contributing authorities to be held not later than 1 month following that date referred to in Section 15(3) of this Act.
- (3) At that meeting each contributing authority may be represented by 1 delegate. The delegates attending the meeting shall hear such submissions as the Board may make in support of its budget and levy. The Christchurch City Council or not less than 3 other contributing authorities may resolve that the total levy be reduced to an amount being not less than the total levy made in respect of the previous year.

### 3. 2019/20 performance objectives

Recognising our commitment to continuous improvement of customer service the following performance objectives describe the principal activities to be carried out by the Museum during the 2019/20 year.

In addition, there will be many other activities furthering the overall objectives of the Museum contained in the 2019/20 Performance Plans of individual staff members.

#### Assumptions:

- Project earliest start of detailed design of January 2020
- Earliest opening of redeveloped Museum in July 2023

Objectives	Targets
<b>1. Our visitors</b>	
1.1 Achieve visitor numbers	750,000
1.2 Achieve operational surplus for Quake City	\$250,000
1.3 Achieve visitor donations	\$165,000
1.4 Achieve % of visitors rating their Museum experience as satisfied or very satisfied	≥ 95%
1.5 Ensure staff have completed relevant customer service training	95%
1.6 Ensure the Museum's occupants remain in a safe environment where there are zero Notifiable Events	Zero Notifiable Events
1.7 Provide access to collections or collections expertise in response to 98% of requests (total number to be reported)	98%
<b>2. Our programmes</b>	
2.1 Develop, deliver and evaluate 10 special exhibitions	10
2.2 Tour an exhibit to the three contributing district council areas to reach a visitor target of	200,000
2.3 Achieve 30,000 individuals receiving a Museum education programme delivered either by Museum staff or their own teacher (including 16,000 school students)	30,000 (16,000)
2.4 Achieve 30,000 individuals engaging in a Museum delivered public programme	30,000
2.5 Achieve paid admissions to Discovery and maintain 500 memberships of Museum Explorer Club	50,000 (500 members)
2.6 Answer 100% of external written/phone/email enquiries within 5 working days (total number to be reported)	100% (Total number)
2.7 Achieve 700 media hits (print, broadcast and on-line media)	700
2.8 Actively participate in professional associations/external bodies	45
2.9 Provide outreach advice & support to other Canterbury museums and related organisations (number of interactions)	200
<b>3. Our collections</b>	
3.1 100% of newly offered objects processed, with a maximum of 9,500 acquired, added to the database and fully verified	100%
3.2 Create new inventory records and check and verify new and existing Vernon records	111,000
3.3 Create and fully verify Vernon records for the Peter Johns Collection	35,000
3.4 Process 100% of all approved loan requests (total number of objects loaned)	100%
3.5 Make collections more accessible by adding records and images to Collections Online	10,000

#### **4. Our research**

4.1	Peer reviewed research papers accepted for publication	18
4.2	Peer review external articles or supervise theses	45
4.3	Publish one volume of Records of the Canterbury Museum	1
4.4	Present conference papers	14
4.5	Adjunct positions held in research institutions	5
4.6	Undertake professional visitor survey research to drive continuous improvement	Achieve

#### **5. Our people and working environment**

5.1	Maintain an up-to-date project plan and project-manage planning for The Museum Project	Achieve
5.2	Support the development of the Ravenscar House project	Achieve
5.3	Maximise return on investment funds within the Museum's Investment Policy	3.74%
5.4	Achieve audit with only qualification being agreed departure from accounting standards as regards valuation and capitalisation of heritage assets	Achieve
5.5	Achieve an end-of-year financial result within budget	Achieve
5.6	Achieve learning and development hours	3,400
5.7	Maintain a healthy, safe and secure facility by completing all cyclical maintenance and achieving Building Warrant of Fitness	Monthly
5.8	Reduce general waste by recycling at least 90% of recyclable material	90%
5.9	Retain accreditation as an Investor in People - Platinum	Achieve

## **4. Budget**

### **4.1 Introduction**

The level of operational levy increase requested from contributing local authorities is 5%.

The net deficit forecast for the 2019/20 financial year is (\$44,444).

The Museum has highlighted that due to the effect of the increasing visitor numbers (approx. 120,000 over the past three years) and the ageing facilities requiring constant maintenance or replacement, the forecast increase of 5% for 2019/20 is required. The following assumptions have also been made in the draft 2019/20 operations budget:

- An operating expense inflationary adjustment of 2.0% has been applied
- An inflationary adjustment and the standard promotion allowances made to remuneration expenses
- Additional data-entry roles for the Lottery-funded Standish and Preece project, who are documenting and cataloguing the photographic images
- Additional roles for the Inventory Team, who are documenting and cataloguing the collections in preparation for redevelopment / moving collections
- Additional repairs and maintenance budgets for ageing (and failing) building and services
- Additional allowance has been made for offsite storage and repatriation costs
- The entire Museum security system required an upgrade due to failures and inability to cope with the increased requirements, as well as the relocation and upgrade of *Quake City*. Both of these items were outside our normal capital expenditure budgets and resulted in significant increases to our funded depreciation budget.

A capital contribution for the Ravenscar House project has been included for 2020/21 and a provision in the following year. Operational budgets for the forecast opening in 2020/21 have not been included at this stage, however it is expected to be largely self-financing through ticketed entry, car parking revenue and other income.

Overhead and administration expenses are allocated to each division of Curatorial & Collections Registration, Public Programmes and Communications based on staff numbers.

Collection acquisitions which are funded by way of bequests and the interest income on these bequests are shown separately in the operational budget. The earthquake insurance claim income and remedial expenses are also shown as non-operating budget figures (Section 4.2).

Budgeted capital grants are recognised as the project expenditure is incurred (Section 4.3).

A detailed breakdown of revenue, expense and depreciation items is provided in the notes to the operational and capital budgets (Section 4.4).

## 4.2 Operational budget

### CANTERBURY MUSEUM TRUST BOARD Operational budget

	Note	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
<b>Revenue</b>						
Operating levy		8,306,315	8,908,016	9,353,417	9,821,088	10,312,142
Debt servicing ex gratia		177,508	-	-	-	-
Total levy and ex gratia		8,483,823	8,908,016	9,353,417	9,821,088	10,312,142
Commercial activities	1	3,278,581	1,452,008	1,707,851	1,507,576	1,487,695
Donations and grants	2	717,441	408,801	463,161	248,087	203,572
Total operating revenue and funded depreciation		12,479,845	10,768,826	11,524,428	11,576,751	12,003,410
<b>Expenses</b>						
Employee remuneration		4,642,886	5,265,621	5,796,394	5,944,068	6,213,513
Collections Registration and Curatorial	3	1,075,874	1,222,601	1,479,895	1,499,861	1,571,852
Public Programmes	4	2,464,797	2,820,085	2,572,546	2,631,961	2,751,215
Communications	5	247,981	308,230	327,038	332,805	342,834
Depreciation	6	1,211,976	1,300,650	1,393,000	1,312,500	1,319,500
Total expenditure		9,643,514	10,917,186	11,568,872	11,721,195	12,198,913
<b>Net surplus/(deficit) including depreciation</b>		2,836,331	(148,361)	(44,444)	(144,444)	(195,504)
<i>plus capital grants</i>		-	14,925,000	16,025,000	51,900,000	50,850,000
- bequest income		563,067	285,000	300,000	320,000	340,000
- earthquake insurance claims		14,440,772	-	-	-	-
- interest on trusts & bequests		475,226	250,000	500,000	500,000	500,000
<i>less bequest funded acquisitions</i>		-	(500,000)	(500,000)	(500,000)	(500,000)
- bequest funded remuneration		-	-	(50,395)	(51,403)	(34,954)
- earthquake remedial expense		(652,188)	-	-	-	-
<b>Net surplus incl extra-ordinary items</b>	8	17,663,208	14,811,639	16,230,161	52,024,153	50,959,542

## 4.3 Capital budget

### CANTERBURY MUSEUM TRUST BOARD Capital budget

	Note	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
Capital expenditure		663,879	700,000	700,000	800,000	900,000
Ravenscar House		-	-	-	1,000,000	500,000
Asset replacement/gallery redevelopment reserve		548,097	600,650	693,000	(487,500)	419,500
<b>Fixed asset expenditure</b>	9	1,211,976	1,300,650	1,393,000	1,312,500	1,819,500
Museum Project works	7	-	14,925,000	16,025,000	51,900,000	50,850,000
<b>Net capital budget</b>		1,211,976	16,225,650	17,418,000	53,212,500	52,669,500

#### 4.4 Notes to the operational and capital budgets

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
<b>1 Commercial activities (exchange transactions)</b>					
Discovery income	88,734	91,457	91,457	93,286	95,151
Lease income	149,114	151,600	154,100	156,750	159,453
Café income	-	-	-	-	-
Image Service income	15,613	5,000	5,000	5,100	5,202
Exhibitions income	1,481	-	-	-	-
Special exhibition income	4,544	-	-	-	-
Other trading income	835,518	503,952	757,294	772,440	787,889
Realised gain/(loss) on sale of investments	985,992	-	-	-	-
Unrealised gain/(loss) on sale of investments	19,747	-	-	-	-
Interest on operating funds	979,304	610,000	610,000	380,000	330,000
Dividends on operating funds	198,534	90,000	90,000	100,000	110,000
	<b>3,278,581</b>	<b>1,452,008</b>	<b>1,707,851</b>	<b>1,507,576</b>	<b>1,487,695</b>
<b>2 Donations and grants (non-exchange transactions)</b>					
Donations admission	167,721	165,000	170,000	110,000	90,000
Donations and bequests	20,086	11,000	11,000	11,220	11,444
Grants	529,634	232,801	282,161	126,867	102,128
	<b>717,441</b>	<b>408,801</b>	<b>463,161</b>	<b>248,087</b>	<b>203,572</b>
<b>3 Collections Registration &amp; Curatorial</b>					
Collections Registration	477,361	484,512	699,558	709,642	740,868
Curatorial	598,513	738,089	780,337	790,219	830,983
	<b>1,075,874</b>	<b>1,222,601</b>	<b>1,479,895</b>	<b>1,499,861</b>	<b>1,571,852</b>
<b>4 Public Programmes</b>					
Customer Experience & Education	585,526	789,768	589,817	597,135	628,607
Exhibitions	706,438	780,855	759,254	790,442	837,821
Building Operations / Security	1,172,833	1,249,462	1,223,474	1,244,385	1,284,788
	<b>2,464,797</b>	<b>2,820,085</b>	<b>2,572,546</b>	<b>2,631,961</b>	<b>2,751,215</b>
<b>5 Communications</b>					
Communications	247,981	308,230	327,038	332,805	342,834
	<b>247,981</b>	<b>308,230</b>	<b>327,038</b>	<b>332,805</b>	<b>342,834</b>
<b>6 Depreciation</b>					
Buildings	768,714	770,000	770,000	770,000	770,000
Building systems / plant	19,377	15,000	15,000	20,000	22,000
Security	15,889	160,000	215,000	230,000	250,000
Exhibition galleries	108,270	85,000	130,000	42,000	26,000
Front of house fixed facilities	8,686	6,000	3,000	2,000	2,000
Collection stores	59,243	54,000	52,000	51,000	52,000
Back of house fixed facilities	3,076	650	8,000	7,500	7,500
Furniture fittings and equipment	110,000	100,000	110,000	105,000	105,000
Information technology and audio visual	118,721	110,000	90,000	85,000	85,000
Museum Redevelopment Project	-	-	-	-	-
	<b>1,211,976</b>	<b>1,300,650</b>	<b>1,393,000</b>	<b>1,312,500</b>	<b>1,319,500</b>
<b>7 Capital grants</b>					

Capital Grants are only recognised when the project expenditure has been spent.

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
<b>8 Income</b>					
Levies	8,483,823	8,908,016	9,353,417	9,821,088	10,312,142
Grants	529,634	232,801	282,161	126,867	102,128
Capital Grants	-	14,925,000	16,025,000	51,900,000	50,850,000
Bequest income	563,067	285,000	300,000	320,000	340,000
Donations admission	167,721	165,000	170,000	110,000	90,000
Donations and bequests	20,086	11,000	11,000	11,220	11,444
Trading activities	1,095,004	752,008	1,007,851	1,027,576	1,047,695
Interest	979,304	610,000	610,000	380,000	330,000
Interest on trust and bequest fund	475,226	250,000	500,000	500,000	500,000
Dividends	198,534	90,000	90,000	100,000	110,000
Realised gain/(loss) on sale of investments	985,992	-	-	-	-
Unrealised gain/(loss) on sale of investments	19,747	-	-	-	-
Earthquake insurance claims	14,440,772	-	-	-	-
<b>Total income</b>	<b>27,958,910</b>	<b>26,228,826</b>	<b>28,349,428</b>	<b>64,296,751</b>	<b>63,693,410</b>
<b>Expenses</b>					
ACC levies	12,030	30,998	34,716	35,410	36,119
Audit fees	39,000	40,326	41,132	41,955	42,794
Building services	376,933	378,272	385,838	393,554	401,425
Board expenses	41,708	17,580	27,932	28,491	29,060
Books and journals	15,493	22,000	22,000	22,440	22,889
Café purchases	-	-	-	-	-
Cleaning	269,277	240,000	244,800	249,696	254,690
Collection acquisitions	405,534	829,362	830,150	805,953	806,772
Depreciation	1,211,976	1,300,650	1,393,000	1,312,500	1,319,500
Earthquake remedial expenses	652,188	-	-	-	-
Equipment	37,489	35,781	27,497	28,047	28,608
Exhibition expenses	362,894	387,978	415,237	442,542	412,481
Heat, light and power	192,180	232,277	245,923	250,841	255,858
Human resources support	12,175	32,694	33,348	34,015	34,695
Insurance	485,543	521,594	532,026	552,026	572,026
Interest on loans	56,943	-	-	-	-
IT expenses	62,042	53,968	55,047	56,148	57,271
Legal fees	12,902	37,894	38,652	39,425	23,321
Management expenses	50,795	50,677	53,691	54,765	55,860
Marketing and public relations	239,573	301,112	307,134	313,277	285,757
Operational expenses	699,107	677,231	763,436	778,705	750,582
Postage and freight	6,554	6,971	7,110	7,252	7,397
Rates	31,113	12,734	12,989	13,249	13,514
Recruitment	35,656	27,469	28,019	28,579	23,321
Remuneration	4,563,914	5,159,915	5,736,027	5,882,494	6,133,230
Repairs and maintenance	89,704	110,404	172,612	176,064	179,586
Staff expenses	66,942	74,708	76,046	77,567	79,118
Staff training	115,480	96,887	98,825	100,801	102,817
Stationery	14,842	26,530	27,061	27,602	28,154
Strategic development	120,074	685,709	483,047	492,708	750,000
Telephone and tolls	15,641	25,464	25,973	26,493	27,023
<b>Total expenses</b>	<b>10,295,702</b>	<b>11,417,186</b>	<b>12,119,268</b>	<b>12,272,598</b>	<b>12,733,867</b>
<b>Net surplus</b>	<b>17,663,208</b>	<b>14,811,639</b>	<b>16,230,161</b>	<b>52,024,153</b>	<b>50,959,542</b>

## 9 Fixed asset expenditure

The fixed asset expenditure is equal to the depreciation expense which is funded by the operating levy.

## 5. Summary of significant accounting policies

### A) REPORTING ENTITY

The Canterbury Museum Trust Board (the "Museum") is a non-profit-making permanent institution, founded by the people of Canterbury for the service and development of their community with a particular responsibility for the natural and cultural heritage of the wider Canterbury region. The Museum is created under the Canterbury Museum Trust Board Act 1993 and is a charitable organisation registered under the Charities Act 2005. It is located at Rolleston Avenue, Christchurch, New Zealand.

These financial statements are for the reporting entity, Canterbury Museum Trust Board, and are prepared pursuant to Section 28 of the Canterbury Museum Trust Board Act 1993.

### B) MEASUREMENT BASE

The Museum followed the accounting principles recognised as appropriate for the measurement and reporting of surplus and financial position on a historical cost basis, as modified by the fair value measurement of certain items of property, plant and equipment and available-for-sale financial assets.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards as appropriate that have been authorised for use by the External Reporting Board for Public Sector entities, with the exception of PBE IPSAS 17 'Heritage Assets' as stated in Note 1(d)(viii). For the purposes of complying with NZ GAAP, the Museum is a public benefit not-for-profit entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The financial statements have been prepared in accordance with Tier 2 PBE standards and the Museum has taken advantage of all applicable Reduced Disclosure Regime (RDR) concessions. The information is presented in New Zealand dollars, which is the Museum's functional and presentation currency.

#### ***Changes in accounting policy***

The accounting policies adopted in these financial statements are consistent with those of the previous reporting period.

### C) JUDGEMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. The key sources of estimation that have had the most significant effect on the amounts recognised in the financial statements are presented in Note 18.

### D) SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of surplus and financial position have been applied consistently to both reporting periods:

#### ***i) Revenue***

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Museum and revenue can be reliably measured. Revenue is measured when earned at the fair value of consideration received or receivable. The following specific recognition criteria must be met before revenue is recognised.

#### **Revenue from non-exchange transactions**

##### **Local authority operating levies**

Local authority operating levies are recognised as revenues when levied.

##### **Grants and donations**

Grants and donations, including Government grants, are recognised as revenue when received. When there are conditions attached which require repayment of the grants and donations if they are not met, revenues are recognised when the conditions for their use are met. Where there are unfulfilled conditions attached to the revenue, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

##### **Bequests**

Bequests are recognised in the income statement upon receipt. Where contributions recognised as



revenue during the reporting period were obtained on the restriction that they be expended in a particular manner or used over a particular period, and those restrictions were undischarged as at the reporting date, the amounts pertaining to those undischarged restrictions are transferred to trust and bequests reserve in equity and the nature of such restrictions are disclosed in the notes to the financial statements.

#### **Capital donation**

Capital donations are recognised as non-operating revenue when received.

#### **Revenue from exchange transactions**

##### **Discovery income, image service income and other revenues**

Discovery income, image service income and other operating revenues are recognised when services have been performed.

##### **Lease income**

Revenue is recognised on a straight-line basis over the rental period. The Museum Store lease agreement is reviewed and renewed annually. The Museum Café lease is for two years with a one year right of renewal.

##### **Interest income**

Interest is recognised in the income statement as it accrues using the effective interest rate method.

##### **Dividend income**

Dividends from investments are recognised when the shareholder's rights to receive payment have been established.

##### **Recognition of insurance claims**

Where some or all of the expenditure required to repair or replace damaged property, plant and equipment is expected to be reimbursed by another party, typically from the Museum's insurance provider, such insurance claim monies shall be recognised when, and only when, it is virtually certain that reimbursement will be received. The criteria for virtually certain is met when there is an unconditional right to receive payment.

ii) **Budget figures.** The budget figures are from the Canterbury Museum Trust Board Annual Plan that was approved by the Board at its meeting on 8 May 2017. Budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

iii) **Offsetting of income and expenses.** Income and expenses are not offset unless required or permitted by an accounting standard. Items of income and expenses are offset when offsetting reflects the substance of the transaction or other event. In addition, gains or losses arising from a group of similar transactions are reported on a net basis, unless items of gains or losses are material, in which case they are reported separately.

iv) **Income tax.** The Museum has charitable status and accordingly no taxation expense or liability is recognised in the financial statements.

v) **Cash and cash equivalents.** Cash and cash equivalents include cash on hand, cash in banks and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

vi) **Debtors.** Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Museum will not be able to collect all receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision, if any, is recognised in the income statement.

vii) **Financial instruments.** Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved. All financial instruments are accounted for on a settlement basis. They are classified in one of the following categories at initial recognition: loans and receivables, financial assets and financial liabilities at fair value through comprehensive income, available-for-sale financial assets, held-to-maturity investments, and other financial liabilities.

### Loans and receivables

Assets in this category are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They include:

- cash and cash equivalents (refer to item v above)
- debtors (refer to item vi above)
- accrued interest income (refer to item i above)

### Available for sale financial assets

Assets and liabilities in this category are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through surplus or deficit. Assets in this category include investments in equity instruments. The fair value of these instruments are based on quoted market prices.

### Held-to-maturity investments

Assets in this category are measured at amortised cost. The Museum has classified its bank term deposits and fixed term investments as held-to-maturity investments.

### Other financial liabilities

This category includes all financial liabilities other than those at fair value through comprehensive income. Liabilities in this category are measured at amortised cost. They represent:

- liabilities for goods and services provided to the Museum prior to the end of the reporting period that are unpaid and arise when the Museum becomes obliged to make future payments. These amounts are unsecured.
- term loan with determinable repayment terms and interest rate. This loan is unsecured.

Other financial liabilities include:

- creditors
- employee entitlements (refer to item ix below)
- grants received in advance (refer to item i above)
- retirement gratuity (refer to item ix below)
- term loans

viii) **Property, plant and equipment.** All property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Repairs and maintenance are charged against income as incurred. Depreciation is calculated on a straight-line basis, except for land, so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. Land is not depreciated.

### viii) **Property, plant and equipment (continued)**

The Board reviews depreciation rates and adjusts them to more appropriately reflect the consumption of economic benefits. The depreciation rates applied are as follows:

	Rate
Buildings	2% - 20%
Furniture, fittings and equipment	10% - 33%

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the net disposal proceeds and the carrying value of the item.

### Revaluation

Land and buildings are revalued on a cyclical basis at least every five years by an independent valuer. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. If the asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading "Asset Revaluation Reserve". However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Revalued assets are depreciated over the remaining useful life. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

### Intangible assets

Computer software are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives of 3 years and reported within the Statement of Comprehensive Revenue and Expenses. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### **Heritage assets**

Heritage assets include collection items or artefacts of cultural or historical significance. The cost of acquisition of heritage assets is charged to the Statement of Comprehensive Revenue and Expenses. During the reporting period, the acquisition cost of collection items amounted to \$358,470 (2017: \$114,631).

It is the policy of the Museum to write off collection acquisitions and not attribute a monetary value to items gifted to the collection. The classification of the collections as a heritage asset is based on the premise that the collections are held in trust in perpetuity for the benefit of the public.

PBE IPSAS 17 requires that where an asset, eg collection item or artefact of cultural or historical significance, is acquired at no cost, or for a nominal cost, the asset is capitalised at its fair value as at the date of acquisition. PBE IPSAS 17 has not been followed because the Board considers that the fair values of the collection items cannot be measured reliably. Usually, gifts to the collection are unique items that have iconic status or are historic and irreplaceable or sacred to particular communities, with no market, so no financial value can be ascribed.

The Museum holds in excess of two million individual collection items. To comply with the requirements of PBE IPSAS 17 the value of these items would need to be assessed on an annual basis to identify possible impairment, which is required to be undertaken on an asset by asset basis.

### **Impairment of property, plant and equipment and intangible assets**

The Museum does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

#### *Non-cash generating assets*

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or service units approach. The most appropriate approach used to measure value in use depends on the nature of impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

ix) **Employee entitlements.** Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, alternate leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Museum in respect of services provided by employees up to the reporting date.

x) **Borrowings.** Borrowings, which consist of term liabilities, are stated initially at fair values, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in surplus or deficit over the period of the borrowing using the effective interest rate method.

All borrowing costs are recognised as expense in the period in which they are incurred.

xi) **Goods and Services Tax (GST).** The financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which have been shown inclusive of GST in the Statement of Financial Position.

xii) **Inventories.** Inventories are measured at the lower of cost and net realisable value.

xiii) **Leases.** Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

## 6. Seven-year forecasts

### 6.1 Introduction

The seven-year operational funding forecast, Section 6.2, shows the increase in operating funds (including non-project depreciation costs) of 5.0% is required for 2019/20 and for the next two years.

After consultation with the Contributing Local Authorities the Museum has agreed to spread the levy increases resulting from the depreciation of the Museum Project redevelopment as it is capitalised, over a seven year period to lessen the immediate impact on the Contributing Local Authorities. This results in operating levy increases of 10% for 2022/23 to 2023/24, 11% for 2024/25, and 10% for 2025/26 to 2027/28.

The Project depreciation has been itemised separately in Section 6.2 so that its impact can be clearly differentiated.

The seven-year capital forecast, Section 6.3, details costs and sources of funding for the Project as well as ongoing asset maintenance.

The following assumptions have been made regarding the new Project:

- Aim for a single site solution
- All buildings to be strengthened to 100% or better of code
- To conserve the 19th Century Heritage Buildings and restore heritage features
- Design within City Plan envelope and tie development into wider urban development context
- Aim for a 100 year solution to Museum's needs incorporating as much flexibility as possible
- Undertake redevelopment and planning in as open and transparent a manner as possible
- The Museum Project is split into two separate components:
  - the pre-earthquakes Project
  - the provision of Base Isolation and Earthquake Strengthening to protect the heritage collections, including the Category 1 Heritage Buildings, to reflect location in an active seismic zone
- Major options analysis identified 21 potential options leading to a preferred option
- The overall cost of the Museum Project has increased from \$185m to \$195m. This cost has been revalidated after several years of inflationary adjustments.
- The provision of Base Isolation and Earthquake Strengthening is \$94m
- The pre-earthquake component of the Project cost is \$101m (in 2022 dollars)
- The proposed funding mix for the overall project is as follows:

Central Government	\$72.3 million	37%
Local Government	\$62.2 million	32%
Canterbury Museum fundraising	\$60.7 million	31%
- Retention of the grants in advance received from Selwyn District Council and Christchurch City Council, and accrued interest until required
- Earliest start of detailed design of January 2020
- The funded depreciation on the \$101m Project conceived pre-earthquakes will, as per last year, have building depreciation deferred for the first 5 years, and the remaining depreciation spread over the first 7 years
- The costs of Base Isolation and Earthquake Strengthening of the Robert McDougall Gallery and construction of the Link Building has increased after the revalidation work to \$37m.
- The funding of Base Isolation and Earthquake Strengthening of the main premises required from the Central Government is \$66m
- Given the significant impact on operating expenditure and levies to fund depreciation for the additional \$101m, no additional depreciation for the Base Isolation and Earthquake Strengthening works has been included in the budget. It is proposed that over time a provision in Repairs & Maintenance is created to maintain the Base Isolation and Earthquake Strengthening improvements
- Earliest opening of the new redeveloped Museum of July 2023.

Details of the capital levy funding are provided in Section 6.3 and 6.4.

In Section 6.4 is a schedule showing the calculation of the operations levy in the Annual Plan. The calculations are also shown for the capital levy relating to the Project, including the payments that have been made and held in trust. For the purpose of apportioning levies the population figures are those provided by Statistics New Zealand as at 30 June 2018.

## 6.2 Seven-year forecast – operations

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Local Authority levy	8,483,823	8,908,016	9,353,417	9,821,088	10,312,142	11,343,356	12,477,692	13,850,238	15,235,262
Commercial activities	3,278,581	1,452,008	1,707,851	1,507,576	1,487,695	656,938	862,310	967,829	981,751
Donations and grants	717,441	408,801	463,161	248,087	203,572	150,407	221,794	243,218	264,681
<b>Total revenue</b>	<b>12,479,845</b>	<b>10,768,826</b>	<b>11,524,428</b>	<b>11,576,751</b>	<b>12,003,410</b>	<b>12,150,702</b>	<b>13,561,796</b>	<b>15,061,286</b>	<b>16,481,694</b>
Operating expenses	(8,431,538)	(9,616,536)	(10,175,872)	(10,408,695)	(10,879,413)	(10,825,569)	(11,385,109)	(11,832,630)	(12,293,615)
Depreciation (existing assets)	(1,211,976)	(1,300,650)	(1,393,000)	(1,312,500)	(1,319,500)	(1,352,488)	(1,386,300)	(1,420,957)	(1,456,481)
Depreciation (Project assets - funded) *	-	-	-	-	-	(625,467)	(1,476,401)	(2,752,801)	(3,352,801)
<b>Total expenditure</b>	<b>(9,643,514)</b>	<b>(10,917,186)</b>	<b>(11,568,872)</b>	<b>(11,721,195)</b>	<b>(12,198,913)</b>	<b>(12,803,523)</b>	<b>(14,247,809)</b>	<b>(16,006,389)</b>	<b>(17,102,898)</b>
<b>Net operating surplus/(deficit)</b>	<b>2,836,331</b>	<b>(148,361)</b>	<b>(44,444)</b>	<b>(144,444)</b>	<b>(195,504)</b>	<b>(652,821)</b>	<b>(686,013)</b>	<b>(945,103)</b>	<b>(621,203)</b>
<b>Unfunded expenditure</b>									
Depreciation (Project assets - deferred) *	-	-	-	-	-	(140,730)	(822,190)	(1,844,380)	(1,244,380)
Depreciation (Project assets - unfunded) *	-	-	-	-	(470,650)	(1,411,950)	(1,882,599)	(1,882,599)	(1,882,599)
	-	-	-	-	(470,650)	(1,552,680)	(2,704,790)	(3,726,980)	(3,126,980)
<b>Net operating surplus/(deficit)</b>	<b>2,836,331</b>	<b>(148,361)</b>	<b>(44,444)</b>	<b>(144,444)</b>	<b>(666,153)</b>	<b>(2,205,501)</b>	<b>(3,390,803)</b>	<b>(4,672,083)</b>	<b>(3,748,183)</b>
CLA levy % increase (excl Project depn)	2.30%	5.00%	5.00%	5.00%	5.00%	3.93%	2.50%	0.77%	5.67%
CLA levy % increase (funded Project depn)	-	-	-	0.00%	0.00%	6.07%	7.50%	10.23%	4.33%
Local Authority levy % increase	2.30%	5.00%	5.00%	5.00%	5.00%	10.00%	10.00%	11.00%	10.00%

\* The Museum recognises the Contributing Local Authorities' discomfort with the level of levy increases required to fund the Project depreciation. It has been agreed with the Contributing Local Authorities that the building depreciation would be deferred for 5 years, no charge would be made for base isolation & earthquake strengthening, and that the remaining funded depreciation would be spread evenly over the first seven years of Project depreciation.

### 6.3 Seven-year forecast – capital

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
<b>Income - Project</b>									
Capital levy - local government	297,786	236,862	321,482	8,844,399	8,844,399	8,844,399	-	-	-
Capital grants - central government	-	2,000,000	2,000,000	2,000,000	1,500,000	909,387	-	-	-
Capital fundraising by the Museum	-	16,886,108	17,602,978	14,352,978	14,352,978	14,352,978	-	-	-
Provision - Base Isolation & Strengthening	-	2,500,000	2,500,000	20,000,000	20,000,000	20,000,000	3,383,436	-	-
McDougall – Local Authorities tbc	-	-	-	1,244,296	1,244,296	1,244,297	-	-	-
Provision - McDougall Strengthen - CCC	-	-	12,700,000	4,000,000	4,000,000	3,813,646	-	-	-
	297,786	21,622,970	35,124,460	50,441,673	49,941,673	49,164,707	3,383,436	-	-
<b>Income – other</b>	1,211,976	1,300,650	1,393,000	1,312,500	1,319,500	1,977,954	2,862,700	4,173,758	4,809,282
Funded depreciation	1,211,976	1,300,650	1,393,000	1,312,500	1,319,500	1,977,954	2,862,700	4,173,758	4,809,282
<b>Total income</b>	<b>1,509,762</b>	<b>22,923,620</b>	<b>36,517,460</b>	<b>51,754,173</b>	<b>51,261,173</b>	<b>51,142,661</b>	<b>6,246,136</b>	<b>4,173,758</b>	<b>4,809,282</b>
<b>Expenditure – Project</b>									
Project works	-	14,925,000	16,025,000	51,900,000	50,850,000	45,500,000	21,925,000	9,000,000	-
	-	14,925,000	16,025,000	51,900,000	50,850,000	45,500,000	21,925,000	9,000,000	-
<b>Expenditure – other</b>									
Capital expenditure	663,879	700,000	700,000	800,000	900,000	1,000,000	1,000,000	900,000	800,000
Ravenscar House	-	-	-	1,000,000	500,000	-	-	-	-
Asset replacement / gallery redevelopment reserve	548,097	600,650	693,000	(487,500)	419,500	977,954	1,862,700	3,273,758	4,009,282
	1,211,976	1,300,650	1,393,000	1,312,500	1,819,500	1,977,954	2,862,700	4,173,758	4,809,282
<b>Total expenditure</b>	<b>1,211,976</b>	<b>16,225,650</b>	<b>17,418,000</b>	<b>53,212,500</b>	<b>52,669,500</b>	<b>47,477,954</b>	<b>24,787,700</b>	<b>13,173,758</b>	<b>4,809,282</b>
<b>Surplus/(deficit)</b>	<b>297,786</b>	<b>6,697,970</b>	<b>19,099,460</b>	<b>(1,458,327)</b>	<b>(1,408,327)</b>	<b>3,664,707</b>	<b>(18,541,564)</b>	<b>(9,000,000)</b>	<b>-</b>

## 6.4 Operations and capital levies

### Operations levy for 2019/20 by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	TOTAL	Installment amount
Christchurch City	0.74	388,500	1.00	74.11	86.78	8,117,327	2,705,776
Hurunui District	0.02	12,850	0.30	0.74	0.86	80,546	26,849
Selwyn District	0.12	62,200	0.45	5.34	6.25	584,824	194,941
Waimakariri District	0.12	60,700	0.45	5.21	6.10	570,720	190,240
	1.00	524,250	2.20	85.39	100.00	9,353,417	3,117,806

\* The population numbers used are the estimated resident populations as at 30 June 2018, as provided by Statistics New Zealand.

### Capital levy payments by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	Levy paid and held in trust	Projected interest accrual	Additional levy	TOTAL	Outstanding capital levy 19/20	20/21-22/23
Christchurch City	0.74	388,500	1.00	74.11	86.78	6,021,980	853,669	47,143,664	54,019,313	12,700,000	34,443,664
Hurunui District	0.02	12,850	0.30	0.74	0.86	-	-	292,778	292,778	-	292,778
Selwyn District	0.12	62,200	0.45	5.34	6.25	516,646	73,239	1,535,890	2,125,775	-	1,535,890
Waimakariri District	0.12	60,700	0.45	5.21	6.10	-	-	2,074,510	2,074,510	-	2,074,510
	1.00	524,250	2.20	85.39	100.00	6,538,626	926,908	51,046,842	58,512,376	12,700,000	38,346,842

\* The population numbers used are the estimated resident populations as at 30 June 2018, as provided by Statistics New Zealand.